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The President's Daily Brief

January 14, 1977

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~~*Top Secret*~~ 25X1

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RHODESIA: *Many whites are growing pessimistic about the possibility of a peaceful settlement and are making contingency plans to leave the country.*

One reason is economic. Some whites had hoped that Prime Minister Smith's acceptance of the principle of majority rule would result in the lifting of economic sanctions and the acceptance of Rhodesia as a member of the international community.

The increasing strain of military call-ups is another, perhaps more important, reason for growing unhappiness in the white community. Many businesses are now feeling a real pinch in the draft call-ups among skilled workers. The draft is now reaching almost all men of service age, and reservists believe that the length of their military tours will increase as the fighting intensifies.

Many white males believe that black rule is inevitable and question the wisdom of continuing to fight. White civilians have been shocked by the large number of wounded whites in the hospitals and are beginning to believe that the cost of the war is too high.

Despite these signs of discontent, Smith's position does not appear threatened.

The white community has no alternative but to support the Prime Minister, and the growing uneasiness has been at least partially offset by the recent success of Rhodesian army cross-border raids into Mozambique.

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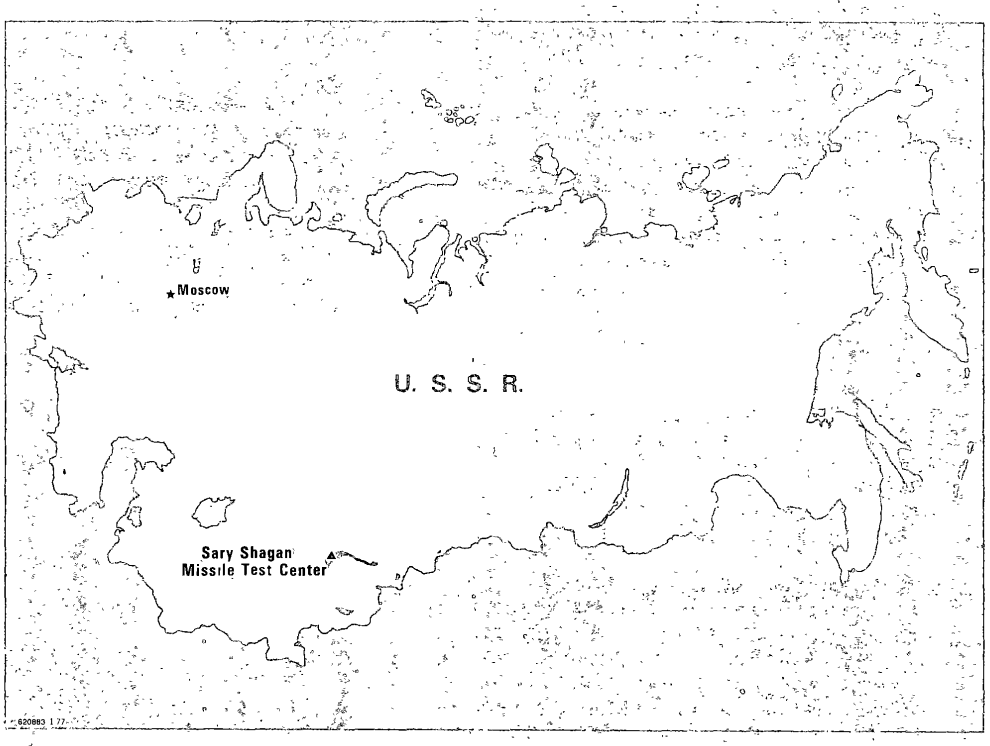

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France is about to sign a new three-year agreement with Saudi Arabia that will allow two French oil companies to purchase directly 33 percent more Saudi crude than under their previous agreement.

The formal pact is likely to be signed during President Giscard's visit to Saudi Arabia later this month. Saudi Arabia is now France's largest source of crude oil, providing more than one-third of French requirements.

Although the announcement of the new agreement after the price division among OPEC states at Doha is merely coincidental, the increased access to Saudi oil should slightly reduce the average price increase that France will sustain.

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The foreign ministers of five oil-rich Arab States have pledged nearly $2.8 billion over the next two years to the states confronting Israel.

Each year, Egypt and Syria are to get $570 million apiece, Jordan $200 million, and the Palestine Liberation Organization $28 million. 25X1

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The announced annual payments--by Saudi Arabia, Kuwait, Qatar, Bahrain, and the United Arab Emirates--are roughly equal to those paid in 1975 under pledges made at the Rabat summit of the previous year. The confrontation states thought those payments would continue indefinitely, but the donor states made only one round of payments of the Rabat subsidy. 25X1

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Belgian officials have told the US embassy that they will advise their government to instruct two Belgian firms to attempt to renegotiate--and scale down--a preliminary agreement the firms have signed to provide Libya with an arms production complex.

The Belgian cabinet will discuss the arms deal today, but is unlikely to reach a decision on it for some time.

The Belgian officials have requested US views on the proposed deal, but one Foreign Ministry official said Brussels would not welcome "arm-twisting." The official said that the US should not regard the demarche as a formal request for US views, but the US reaction--or lack of reaction--will be a major factor in the government's decision.

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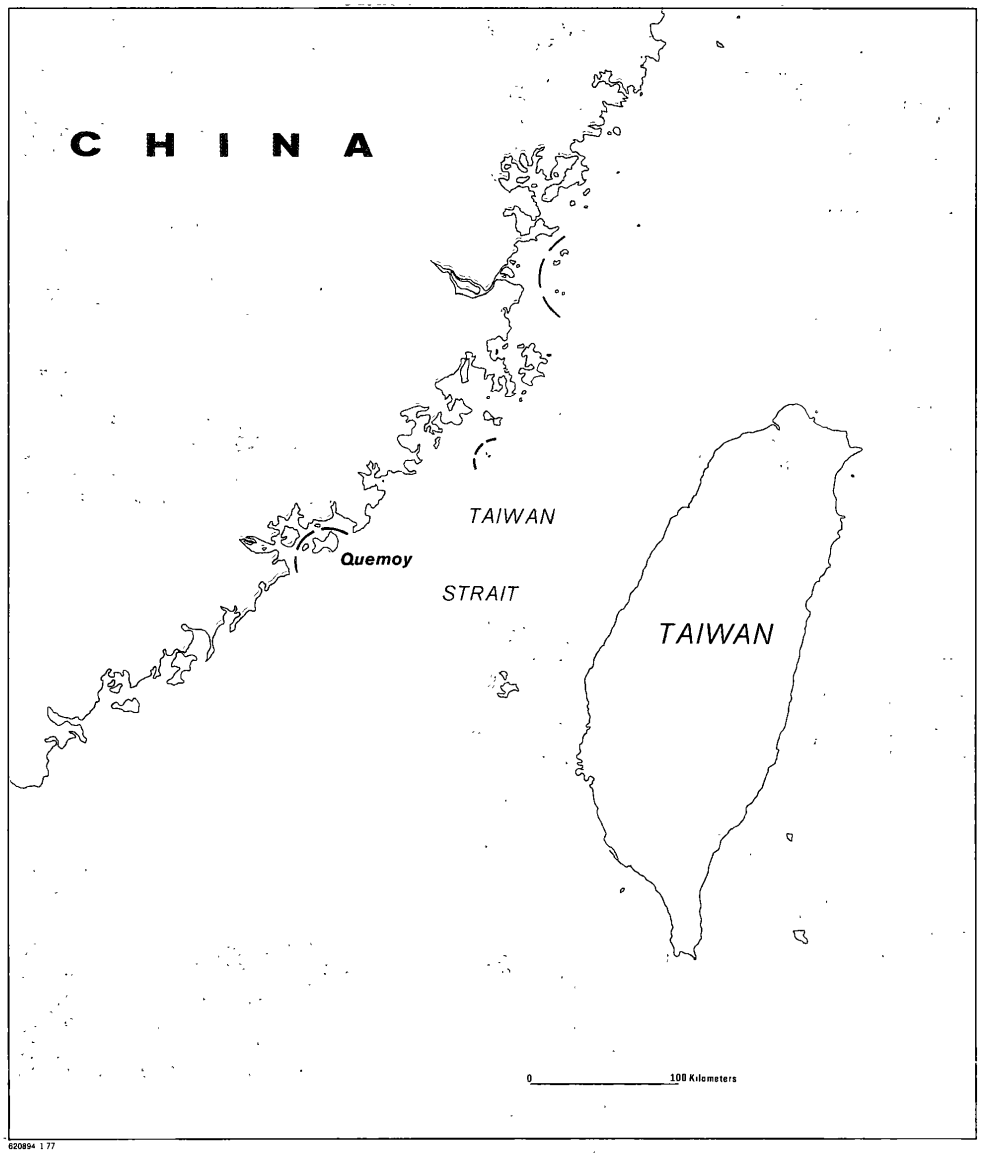

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Nationalist China *last Saturday night sent fighters to the vicinity of Quemoy Island to reconnoiter two* Chinese *communist naval ships passing near the southern end of the Taiwan Strait.*

Nationalist fighters frequently patrol in this area, but it is unusual for them to fly near the mainland coast at night. The Nationalists may have been reacting to increased Chinese naval activity in the area. Since January 4, more than a dozen Chinese naval ships have been active near the Strait.

The communists are also sensitive to military activities in or near the Taiwan Strait. On January 7, China sent several MIG-19s over the Strait in reaction to Nationalist fighters patrolling in the area.

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Cuba

Mexico

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Israel

Somalia

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